FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

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REC'D MAY 15

SECURITY: UNCLASSIFIED

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ACTION

TO: Department of State

MESSAGE CENTER

845h.00/5-950

FROM: LAGOS 220 May 9, 1950.

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no action required 5/24/50 JonesB File

REF: 00T61 - JULY 19, 1949.

SUBJECT: THREE MONTHS ECONOMIC REVIEW FOR NIGERIA, FIRST QUARTER, 1950

INFO FR DCR EUR UNA ULI E *AG *COM ECA FRB LAB TAR NSRB TR FSS

The most important event to occur in Nigeria during the first quarter of 1950 was the budget session of the Legislative Council which was held in Enugu. Except for threatened trouble in Jos, which failed to materialize, there were a minimum of labor disturbances. There was considerable interest in both political and labor circles over the possibility of the imminent publication of the Fitzgerald Report which is concerned with the coal miner's riots last November but the report has not yet been released. Exports continued at a high pace and Nigeria's dollar earnings were substantially improved during the quarter by the continued high prices of cocoa beans and a better cocoa crop than had been anticipated. The removal of trade controls over hides at the beginning of the year also proved most beneficial to trade with the United States and substantial quantities were shipped at increasing prices throughout the period under review. Goat and sheep skins continued to be sold to the American market and prices likewise increased.

Internally the period was marked by food shortages throughout the country because of the bad crops last fall caused by abnormally low rain. Prices were excessively high and there was widespread complaint which was most vociferous in the larger cities. Rainfall in March was normal and plantings of the new crop was begun with the anticipation that in contrast to the last almost disastrously low crop the new season would at least be average.

A record budget of £41,450,047 was approved at Enugu by Nigeria's congress, the Legislative Council. This represented a £5,000,000 increase over last year's budget; of the total, £30,136,350 was to be expended on Government services and development projects (£4,164,120); £918,677 on the Government coal mines; and £10,395,020 for the Nigerian Railway. There was virtually no other legislation of major importance approved at the Council although substantial progress was made by the Committee Appointed to Review and Recommend Changes to the Constitution.

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DEPARTMENT OF STATE A/GDC/MR
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Labor:

In contrast to the last quarter of 1949 there were virtually no labor disturbances. All trade union (and political) leaders seemed to be waiting for the publication of the Fitzgerald Report which is to be the findings of an impartial board of inquiry as to the reasons for the rioting and shooting which occurred in the Enugu coal mines in November 1949. This tragedy in which over twenty Nigerian miners lost their lives seemed to have brought to all a realization that a time had come to call a halt to the emotional and violent outbursts that were occurring with increasing frequency in Nigeria's labor relations. No new labor legislation was introduced at the session of the Legislative Council.

Imports and General Supply Situation:

Lagos and other large Nigerian cities continue to be overstocked in textile goods and other consumer commodities. Prices have not yet been reduced because of the knowledge that replacement costs will be higher than those now prevailing.

There continues to be considerable activity in both private and public building and except for temporary shortages of cement there appear to be ample stocks of necessary materials on hand.

As a result of the rising prices of goods from Germany it has been decided to reduce substantially imports from that area; it is believed that what is not purchased from Germany will be ordered from Japan where prices remain low. Japanese textiles are exceedingly popular in this area and it is believed this popularity will continue.

Imports from the United States are being closely watched and the $6,000,000 annual allocation established last year is to be continued in 1950. Major items purchased from the United States are unmanufactured tobacco, flour and machinery not obtainable within the sterling area.

Exports:

Export statistics for the first quarter of 1950 are not yet available but all indications were that the record high activity of 1949 was being continued. The port of Lagos was almost continuously congested and ships were being held up from seven to fifteen days in unloading. However, Nigerian Government officials appear to have decided that these unusually high exports cannot continue, or at least the high prices now being obtained for Nigeria's products will not last long. As a precaution the Oilseeds Marketing Board has announced a slight reduction in the price to be paid the producers of peanuts and sesame for next season.

Prices for timber and hides and skins rose throughout the quarter as did the quantities purchased by the United States.

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Exports to the United States seemed substantially to have increased at least on the basis of consular invoices certified by the Consulate General. Nearly as many invoices were certified in the first quarter of 1950 as in the first six months of 1949. There was increasing evidence of the entry of small, African traders into this export business.

Agriculture:

The cocoa crop turned out to be much larger than the early pessemistic prognostications had indicated. It was evident by the end of March that the overall crop, both light and main, might almost reach the 100,000 tons considered a normal yield. Palm produce exports in the Eastern Provinces gave every indication of increasing and the installation of four new pioneer oil mills will mean a larger quantity of oil available for export.

In the Northern Provinces, which are so heavily dependent on peanuts - it is the main money crop - the yield was even lower than preliminary estimates. It was believed by the end of March that total purchases for exports would be about 175,000 to 180,000 tons in contrast to normal exports of over 300,000 tons. This severe reduction has naturally affected the income of residents of that area; there was at the same time a shortage of food crops which brought about high prices; while there have been no reports of starvation it can be assumed that most people in the Northern Provinces are finding this winter one of considerable hardship. The only cheerful note in the economy of this area was the realization of a slightly larger cotton crop than had been anticipated; it was believed total purchases for exports would be about 50,000 bales of 400 lbs each.

Rainfall in the first quarter of the year was normal in the Eastern Provinces and plantings of food crops (mainly yams and cassava) was well underway. Rainfall in the Northern Provinces was slightly below normal except in Benue Provinces where a good crop of sesame was anticipated. Rain was average in the Western Provinces and the planting of the main food crops was begun.

Other Events:

The Government decided to award a temporary 12½ percent increase in basic salary to all junior civil service employees and 10 percent to all senior employees. This, for some technical reason, was officially described as a temporary additional rates of pay and not a cost of living allowance.

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For the Consul General:

Harris H. Williams
American Vice Consul

Sources:

Interviews with Businessmen and
Government Officials
Newspapers
Nigeria Gazette.

Copy to Office of the Administration's Special
Representative, Economic Cooperation Administration,
% American Embassy, Paris.

Copy to American Embassy, London.

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